LUX*

RESORTS & HOTELS

LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES.

The group results for the quarter and half year ended 31st December 2017 are as follows:

GROUP ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

	Quarter to 31st December		Half year to 31st December		Year ended 30th June
	2017 Rs 000 (Un-audited)	2016 Rs 000 (Un-audited)	**2017 Rs 000 (Un-audited)**	2016 Rs 000 (Un-audited)	2017 Rs 000 (Audited)
Continuing Operations					
Revenue	**1,756,413**	1,654,123	**2,819,528**	2,548,546	5,438,384
Earnings before Interest, Tax, Depreciation and Amortisation	**583,059**	533,809	**683,253**	610,262	1,266,904
Depreciation and amortisation	**(130,578)**	(113,309)	**(255,912)**	(226,108)	(442,214)
Operating profit	**452,481**	420,500	**427,341**	384,154	824,690
Gain on repossession of hotel	**74,491**	-	**74,491**	-	-
Profit on sale of property, plant and equipment	**-**	195,000	**-**	195,000	-
Net finance costs	**(50,150)**	(58,810)	**(99,170)**	(119,507)	(241,831)
Closure Costs	**(88,066)**	-	**(165,486)**	(131,825)	-
Profit before income tax	**388,756**	556,690	**237,176**	327,822	582,859
Taxation	**(41,606)**	(58,326)	**(22,106)**	(36,290)	(75,123)
Profit after tax	**347,150**	498,364	**215,070**	291,532	507,736
Non-controlling interest	**(2,779)**	(1,350)	**(395)**	(172)	7,213
Profit attributable to the group	**344,371**	497,014	**214,675**	291,360	514,949
Other comprehensive income					
Movement for the period			**(24,678)**	(36,597)	(561,569)
Total recognised gain			**189,997**	254,763	(46,620)
Basic - Earnings per share Rs	**2.51**	3.63	**1.57**	2.13	3.75
Average number of shares	**137,115,943**	136,909,403	**137,115,943**	136,909,403	137,092,673
SEGMENTAL INFORMATION					
Segment revenue:					
Mauritius	**1,019,146**	1,124,052	**1,645,703**	1,848,825	3,776,398
Maldives	**428,047**	327,896	**719,557**	361,988	1,016,413
Reunion	**309,220**	202,175	**454,268**	337,733	645,573
Total revenue	**1,756,413**	1,654,123	**2,819,528**	2,548,546	5,438,384
Segment results:					
Mauritius	**327,632**	378,090	**332,011**	406,096	855,734
Maldives	**69,969**	12,686	**47,509**	(43,005)	(44,055)
Reunion	**54,880**	29,724	**47,821**	21,063	13,011
Results before net finance costs	**452,481**	420,500	**427,341**	384,154	824,690

GROUP ABRIDGED STATEMENT OF FINANCIAL POSITION

		31st December 2017 Rs 000 (Un-audited)	31st December 2016 Rs 000 (Un-audited)	30th June 2017 Rs 000 (Audited)
ASSETS				
Non current assets				
Property, plant & equipment		**9,468,093**	8,875,647	8,636,882
Intangible assets		**1,648,658**	1,458,394	1,639,799
Other financial assets		**5**	5	5
Deferred tax assets		**140,835**	28,809	115,064
		11,257,591	10,362,855	10,391,750
Current assets		**1,628,324**	1,477,661	1,146,409
TOTAL ASSETS		**12,885,915**	11,840,516	11,538,159
EQUITY AND LIABILITIES				
Shareholders' interest		**5,981,476**	6,271,990	5,791,479
Non-controlling interest		**2,973**	3,631	2,578
Non-current liabilities		**3,993,876**	3,744,749	3,522,532
Current liabilities		**2,907,590**	1,820,146	2,221,570
TOTAL EQUITY AND LIABILITIES		**12,885,915**	11,840,516	11,538,159
Net Assets per Share	Rs.	**43.62**	45.74	42.24
Net Assets per Share including value of leasehold land	Rs.	**56.49**	57.64	54.97

GROUP ABRIDGED STATEMENT OF CASH FLOWS

	31st December 2017 Rs 000	31st December 2016 Rs 000	30th June 2017 Rs 000
Net cash flows from operating activities	**128,837**	145,084	847,527
Net cash flows from investing activities	**(995,320)**	638,140	(43,106)
Net cash flows from financing activities	**743,474**	(394,721)	(584,149)
Net (decrease)/increase in cash & cash equivalents	**(123,009)**	388,503	220,272
Cash and bank balance			
At beginning of period	**(73,609)**	(293,881)	(293,881)
At end of period	**(196,618)**	94,622	(73,609)

ABRIDGED STATEMENT OF CHANGES IN EQUITY

	31st December 2017 Rs 000	31st December 2016 Rs 000	30th June 2017 Rs 000
At beginning of period	**5,791,479**	6,007,393	6,007,393
Other adjustments	**-**	-	(7,747)
Total recognised gain	**189,997**	254,763	(46,620)
Issue of shares	**-**	9,834	9,834
Dividend	**-**	-	(171,381)
At end of period	**5,981,476**	6,271,990	5,791,479

Commentary

Tourist arrivals to Mauritius for the quarter ended 31st December 2017 amounted to 407,181 up by 3.3% on the corresponding quarter last year. Arrivals from Europe increased by 7% with UK and Germany posting an increase of 17% and 22% respectively. Our main source market, France, decreased slightly by 1%. Arrivals from Asia went down by 9% to around 46,000 mainly due to a significant reduction in the number of Chinese tourists by approximately 24% partially mitigated by an increase in arrivals from India, UAE and Saudi Arabia.

In the Maldives, the number of visitors for the quarter under review reached 391,533 up by 15% on the corresponding quarter last year. China remains the main source market with 18% of the arrivals.

For the semester ended 31st December 2017, tourist arrivals to Mauritius amounted to 716,001 an increase of 4% on last year. Arrivals in the Maldives for the semester increased to 732,002 up by 10% on last year.

Group Results

The Group results for the quarter and semester under review were influenced by the following:

i. The repossession of hotel le Recif in Ile de La Reunion. The buyer of hotel Le Recif has not been in a position to secure its financing to settle the amount due to LUX* following the sale of the hotel two years ago. Both parties have come to an agreement whereby LUX* has repossessed the hotel as from 1st October 2017. On the basis of the good performance of the hotel over the past years and the reduction in its borrowings, the Group has recognised during the current quarter a profit of Rs 74m. The gain represents the difference between the value of the assets of the hotel and the financial commitments on that hotel. The operating results of hotel le Recif as from 1st October 2017, are accounted in the Group Operating Profit in the current quarter.

ii. The closure for renovation of LUX* Grand Gaube for almost the entire period. During the corresponding period last year, LUX* South Ari Atoll in Maldives was closed for two months.

iii. The property of Tamassa hotel was disposed and leased back in the corresponding quarter last year.

Against the above background, the Group delivered good results during both periods under review with operating profit for the quarter growing by 7% from Rs 420m to Rs 452m. For the semester, operating profit increased by 11% to Rs 427m.

Our hotels which were fully operational in Mauritius during the quarter, posted an occupancy rate of 89%, up by 2 percentage points on the corresponding quarter last year. ADR (Room Revenue per occupied room) improved significantly by 18%. The increase in occupancy and ADR resulted in an increase of 20% in Rev PAR (Room Revenue per available room). LUX* Saint Gilles in Reunion Island posted an occupancy of 85% up by 6 percentage points on last year with a similar ADR. Its Rev PAR improved by 7%. As mentioned above, Hotel Le Recif has been consolidated as from 1st October 2017. Its occupancy for the quarter under review was 76% and the ADR compared to last year increased by 6%. LUX* South Ari Atoll in Maldives achieved very good results with an occupancy of 75% for the quarter, up by 9 percentage points and posted a similar ADR as last year. RevPAR improved by 11%.

Total revenue for the quarter reached Rs 1.8bn, up by 6% on the corresponding quarter last year and EBITDA (Earnings Before Interest Tax, Depreciation and Amortisation) amounted to Rs 583m a progression of 9%.

The turnover of the Group for the six months to 31st December 2017 increased by 11% to Rs 2.8bn and EBITDA for the same period increased by 12% to Rs 683m. Depreciation and amortization increased by Rs 30m or 13% mainly due to the renovation of LUX South Ari Atoll carried out last year, whilst finance costs decreased by Rs 20m due to the loan repaid during the period and the reimbursement of the Tamassa loan following the sale of the property. On a like for like basis, excluding the sale of Tamassa and profit on repossession of Hotel Le Récif, attributable profit for the semester increased by 45% from Rs 97m to Rs 144m.

Total net interest bearing debt as at 31st December 2017 amounted to Rs 4.7bn compared to Rs3.8bn at 30th June 2017, an increase of Rs900m or 24% due to the loan contracted to finance the renovation of LUX* Grand Gaube. The gearing of the Group at 31st December 2017 increased to 44% compared to 40% at 30th June 2017 and remains well below the industry average. The increase in current liabilities is mainly due to short term financing raised for the renovation of LUX* Grand Gaube which will be converted into long term loan upon completion of the project after 31st December 2017.

Project Development

LUX* Grand Gaube reopened on the 23rd December 2017. However, there are a number of rooms still to be completed as well as snagging works. The hotel is spectacular and we are confident that it will contribute positively to the results of the Group.

Outlook

Although the Global Economic Environment remains uncertain, it is encouraging to note that tourist arrivals are increasing in all the destinations where we operate. Tourist arrivals to Mauritius have been increasing steadily over the last five years and Statistics Mauritius just reported a growth of 5.2% for the calendar year 2017 bringing the total arrivals for the year to 1.34 million. This has been driven by strong growth from our main markets namely Germany (+14.5%) and UK (+ 5.6%). However, the drop in Chinese tourists is a source of concern which has to be addressed by all stakeholders.

Maldives is also showing good growth lately, after a slowdown in the arrivals at the beginning of the calendar year. The arrivals to the destination for the twelve months up to December 2017 reached 1.39 million an increase of 8%, fueled by growth from Germany, UK and India. It is also interesting to note that the decline in travellers from China to the Maldives has slowed and we expect improvements going forward. With regard to Reunion Island, arrivals continue on an upward trend resulting from the increase in the number of new flights coming to the destination.

The delay in the full reopening of LUX* Grand Gaube will impact on the performance of our Mauritius hotels during Q3. With regards to the Maldives, both occupancy and ADR are ahead of last year and we expect both the revenue and EBITDA of the hotel to be better than last year. LUX* Saint Gilles and hotel le Recif in Reunion Island should continue on the same trend as Q2 and should perform well for the current quarter.

With regards to the performance of the group, providing there is no unexpected adverse events arising, our results for the third quarter should be similar to last year.

By order of the Board

LUX Hospitality Ltd

Company Secretary

25nd January 2018.

Notes to the Financial Highlights

- The Financial Highlights have been prepared in accordance with International Financial Reporting Standards (IFRSs).
- The Financial Highlights have been prepared on the same basis as the accounting policies set out in the audited statutory Financial Statements of the Group for the period ended June 30, 2017, except for the adoption of relevant amendments to published Standards, Standards and Interpretations issued and effective for accounting period starting on July 1, 2017.
- The Financial Highlights are issued pursuant to Listing Rule 12.14 and published according to the Securities Act 2005.
- Copies of the Financial Highlights and the statement of direct and indirect interests of officers of the Company required under Rule 8 (2) (m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 are available free of charge, upon request, from the Company Secretary, at the Company's registered office, Lux Island Resorts Ltd, Pierre Simonet Street, Floréal.
- The Board of Directors of Lux Island Resorts Ltd accepts full responsibility for the accuracy of the information contained in the Financial Highlights.